

# AGENDA

## Council on Postsecondary Education Executive Committee

March 2, 2005

10 a.m. (ET)

Meeting Room A

Council on Postsecondary Education  
Frankfort, KY

1. Roll Call
2. Approval of Minutes ..... 2
3. 2004-05 Strategic Planning Process Update ..... 6
4. Comprehensive Funding Model Review Update ..... 17
5. 2004-06 Budget Update ..... 18
6. Update on *CHANGING DIRECTION* Project and Affordability Study .. 19
7. Legislative Update ..... 22
8. IEG Spring Board Development Seminar ..... 23
9. Other Business
10. Next Meeting – April 13, 10 am, CPE Offices, Frankfort
11. Adjournment

**MINUTES**  
**Council on Postsecondary Education**  
**Executive Committee**  
**January 12, 2005**

The Executive Committee of the Council on Postsecondary Education met January 12, 2005, at 11 a.m. at the Council offices in Frankfort. Interim Chair Ron Greenberg presided.

**ROLL CALL**

The following committee members were present: Peggy Bertelsman, Richard Freed, Ron Greenberg, and Joan Taylor. Dan Flanagan, a new appointment to the Council, also attended.

**APPROVAL OF MINUTES**

The minutes of the November 7, 2004, Executive Committee meeting were approved as distributed.

**2004-05 STRATEGIC PLANNING PROCESS**

Sue Hodges Moore, Council executive vice president, gave an update on the 2004-05 strategic planning process. She said that the staff is seeking the advice of the Executive Committee as it moves through the final phases of the statewide public agenda-setting process and into the development of campus/Council action plans, mission parameters, and key indicators of progress. A schematic was distributed showing the relationship between the various elements of the strategic planning package.

The draft statewide public agenda reflects what was learned from the data analysis and heard from citizens and constituent groups across the state about the challenges facing Kentucky and its regions and what the postsecondary system can do to help address them. The staff plans to widely distribute the draft (by hard copy and Web access) for review and comment through the end of February. In addition, the staff is meeting with various constituent groups and organizations over the next two months to get feedback on the public agenda. The timeline calls for the Council to discuss the draft at its January 31 meeting and take action at the March meeting.

Dr. Moore said that at the November 2004 Council meeting, the Council members expressed sentiment for keeping the questions to five as the system's "brand." The framework for the draft public agenda is in keeping with that suggestion, and the document is so named, *Postsecondary Education and Kentucky's Future: The Five Questions We All Must Answer*. The five questions have been refined to move the issue of college affordability front and center and the two questions on student enrollment and progression have been combined into one question focusing squarely on the need for more certificates and degree holders in Kentucky. These refined five questions

represent the new public agenda that will guide the work of Kentucky's postsecondary education system into the second half of this decade:

1. Are more Kentuckians ready for postsecondary education?
2. Is Kentucky postsecondary education affordable for its citizens?
3. Do more Kentuckians have certificates and degrees?
4. Are graduates prepared for life and work in Kentucky?
5. Are Kentucky's communities and economy benefiting?

Each of the public universities, the Kentucky Community and Technical College System, the Association of Independent Kentucky Colleges and Universities, and the Council (including Kentucky Adult Education and the Kentucky Virtual University and Library) will draft an action plan to be implemented over the next four years. These plans will respond to the five questions outlined in the public agenda, to specific regional issues, and to the goals of House Bill 1. Each campus action plan for the public institutions will include three components: 1) mission parameters – broad guidelines within which the institution's individual mission statement must fit, 2) priorities for action – the institution's highest priority initiatives and activities over the period 2005 to 2010, and 3) key indicators that monitor institutional progress in implementing the public agenda and HB 1 goals. The development of the action plans will commence once the Council approves guidelines in March.

Statewide key indicators will be a part of the public agenda. The Council staff will work with the institutions throughout the spring of 2005 to develop the systemwide indicators as well as a set of key indicators for each institution for 2005 through 2010. A number of indicators will be common across all institutions, such as enrollment, retention, and degrees awarded. Some indicators will apply only to institutions within a particular sector (research, comprehensive, KCTCS). Each institution will have an opportunity to select two or three additional indicators specific to its mission and HB 1 from a menu of options. These additional indicators will become part of the universe of key indicators the Council tracks. The calendar for developing the statewide indicators will go through May and the institutional indicators will go through July. The goal-setting process for each indicator will take place after July.

The Council staff will visit each campus during January, February, and March for discussions with the president and others about the development of the campus action plans. The timeline calls for Council approval of the entire set of action plans in July. Between March and July, the Council will develop its action plan with the assistance of the staff.

Mr. Greenberg asked staff to request copies of the minutes of institutional board meetings to ensure that active internal discussions are taking place regarding the development of the campus action plans. Dr. Moore said that these conversations should begin with the release of the public agenda in March and when guidelines are set, also in March, for the development of mission parameters. Substantive conversations also would take place this summer when the institutions are reviewing their respective mission statements.

COMPREHENSIVE  
FUNDING  
REVIEW  
PROGRESS  
REPORT

Dr. Layzell said that the staff is seeking advice from the Executive Committee on two recommendations it will take to the Council for consideration at the January 31 meeting: 1) preliminary benchmark selection model and 2) funding distribution methodology. The staff also will ask the Council to reaffirm the 2004-06 budget recommendation approved in November 2003.

Sandy Woodley, Council vice president for finance, reviewed the timeline outlining the action and discussion items that will be taken to the Council leading up to consideration of the 2006-08 budget recommendations in November 2005.

Since 1999 a benchmark model has been the basis for determining adequate base funding for the institutions. The staff recommends that this model be retained but improved to facilitate greater institutional mission differentiation. Each institution will have 19 peer institutions on its funding list. During the next two months, the Council staff will continue a process of model testing to determine if any additional revisions are needed. If necessary, the staff will present minor model revisions to the Council in March. Institutions will be given the opportunity to request and publicly justify substitutions within certain predetermined criteria regarding similarity constraints. All requests for substitutions will be discussed in an open hearing prior to the Council's final approval of benchmarks in May. The process of benchmark selection will be repeated every four years.

The Council first approved the Funding Distribution Methodology in November 2003 to address uncertainty regarding the distribution of funds when less than the Council's full recommended funding is available or when budget reductions are necessary. Several issues promoted a review of the methodology. The Council will consider the proposal that addresses these issues in March. If approved in March, the Council staff will recommend that the methodology be effective immediately.

Mr. Greenberg suggested that the Council consider adopting this model for the next four years and, at the same time, begin a parallel exploration of a new funding model. Then the Council would be better prepared to make better use of funds four or five years down the road.

2005  
LEGISLATIVE  
SESSION

Lee Nimocks with the Council staff reported on the 2005 legislative session. She said that former Council member Ken Winters was chosen chair of the Senate Education Committee. She said that the budget situation is uncertain. The Governor is expected to roll out his comprehensive proposal during his State of the Commonwealth address February 2. The Council's budget staff has been working closely with the Governor's Office and the staff of the Legislative Research Commission to discuss the budget request and to remind them of the request the Council made in November 2003. A bill tracking chart was provided listing bills pertaining to postsecondary education. She said that the Inter-Alumni Council will host a legislative reception on the evening of February 16.

NEXT MEETING

The next meeting of the Executive Committee is March 2 at 10 a.m. at the Council offices in Frankfort.

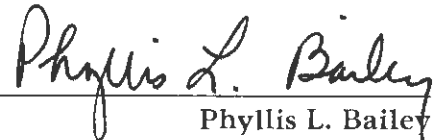
ADJOURNMENT

The meeting adjourned at 12:35 p.m.



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Thomas D. Layzell  
President



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Phyllis L. Bailey  
Associate, Executive Relations

Council on Postsecondary Education  
Executive Committee Meeting  
March 2, 2005

## 2004-05 Strategic Planning Process Update

The staff continues to seek comment on the field review draft of the public agenda, which was distributed in mid-January. Approximately 30 individuals have submitted comments via e-mail and mail. In addition, Tom Layzell and Sue Hodges Moore have met with the following individuals and groups:

- Governor Ernie Fletcher
- Virginia Fox, Secretary, Education Cabinet
- Jim Holsinger, Secretary, Cabinet for Health and Family Services
- Brad Cowgill, State Budget Director
- Legislative Leadership
- Interim Joint Committee on Education
- Legislative Research Commission staff
- Ewell Balltrip, Center for Rural Development
- Prichard Committee
- Inter-Alumni Council
- Coalition of Senate and Faculty Leadership
- Committee on Equal Opportunities
- Kentucky Board of Education
- Joe McCormick and KHEAA board members
- Ky Association of Adult and Continuing Education Executive Board
- Chief Academic Officers
- Chief Budget Officers
- Kentucky Press Association

By March 2, the staff also will have met with the leadership of the eight public universities and KCTCS to solicit their feedback and ideas on the draft public agenda, the draft campus action plan guidelines, mission parameter development, and the process for revising the key indicators of progress.

The staff will report on both sets of conversations at the Executive Committee meeting.

Additional meetings with constituent groups are scheduled over the next two weeks. A full report, along with a revised public agenda and proposed campus action plan guidelines, will be provided to the Council for consideration at its March 21 meeting. The most recent draft of the campus action plan guidelines (including a detailed timeline) is attached for discussion with the Executive Committee.

A Key Indicators Advisory Group was formed to work with the Council staff as it develops an accountability program for tracking systemwide and institutional progress in advancing the public agenda and House Bill 1 goals. Attachment 4 lists the membership of this group. The group held its first meeting February 15 to discuss its charge and plan of work. The staff plans to seek the advice of the Seamlessness and Workforce/Economic Development Policy Groups on key indicators at their March 21 meetings. The timeline in Attachment 1 outlines the key indicator development process and schedule in detail.

Staff preparation by Sue Hodges Moore

## **2004-05 Strategic Planning Process Campus Action Plan Guidelines and Template**

### **Introduction**

This will be a “boilerplate” statement prepared by the Council staff explaining that the campus action plan responds to the public agenda, House Bill 1 goal, institutional mission, and regional priorities and satisfies the requirement in HB 1 for a strategic implementation plan. The action plan covers the period 2005-2010 and will be reviewed each biennium, as statute requires.

### **House Bill 1 Goal**

The institution’s mission-specific HB1 goal will be listed here, i.e., goal two (UK), three (UofL), four (comprehensives), or five (KCTCS).

### **Mission Parameters**

Statute KRS 164.020 requires the Council to have a statewide strategic agenda and to review, revise, and approve the missions of the state’s universities and the KCTCS. Statute KRS 164.350 requires boards of regents and trustees to review their institutional missions to ensure consistency with the statewide strategic agenda.

The Council staff will work with the chief academic officers and the presidents throughout the spring to develop mission parameters for each of the public postsecondary institutions in Kentucky that:

- 1) Are consistent with House Bill 1 goals and other relevant statutes.
- 2) Recognize each institution’s distinctive role in the system.
- 3) Identify common elements of similar institutions.
- 4) Collectively address the needs of the Commonwealth as articulated in the public agenda for Kentucky’s postsecondary education system.

The Council has established five categories of mission parameters:

1. Program characteristics - Parameters within this category define the institution’s relative emphasis on instructional programs by level (i.e., certificate, diploma, undergraduate degree, graduate degree, and first-professional programs) and identify program areas of special emphasis (e.g., biological and health sciences,

workforce development, distance learning and other alternative delivery programs, developmental education).

2. Student characteristics - Parameters within this category describe the general characteristics of the students to be served by the institution (e.g., level of academic preparation, age, socioeconomic status, residency, and working status).
3. Geographic service area - Description of the primary region served by the institution's instructional, research, and service programs and initiatives.
4. Research - Parameters within this category identify the institution's research role.
5. Stewardship responsibilities - Parameters in this category identify the institution's responsibilities in meeting the educational, economic, and community development needs of the region served by the institution.

Attachment 1 includes the timeline and process of mission parameter development. Attachment 2 is a sample template. It is expected that the parameters for an individual institution will be no longer than one page in length. Once approved by the Council in July 2005, the parameters will be incorporated into each institution's campus action plan for publication.

### **Priorities for Action**

This section lists the institution's highest priority initiatives and activities over the period 2005 to 2010 that respond to each of the five questions.

*Question 1: Are more Kentuckians ready for postsecondary education?*

*Question 2: Is Kentucky postsecondary education affordable for its citizens?*

*Question 3: Do more Kentuckians have certificates and degrees?*

*Question 4: Are graduates prepared for life and work in Kentucky?*

*Question 5: Are Kentucky's communities and economy benefiting?*

In selecting its priorities for action, the institution first should review carefully the "successes," "challenges," and "desired results" outlined under each question in the public agenda, *Postsecondary Education and Kentucky's Future: The Five Questions We All Must Answer*. Next, the institution should consider the needs and challenges of those it serves, the summaries of the regional forums, the Council's annual accountability report, current strengths and weaknesses as reflected in the institution's own strategic plan, and other campus data. (To view the draft public agenda and regional forum summaries, go to <http://cpe.ky.gov/publicagenda/>.)

As it develops this section, the institution should keep in mind the guiding principles in the public agenda: work together, be good stewards, close the gaps, and be accountable.



Priorities for action should be substantial and achievable. Since institutional key indicator goals for the accountability system will provide the specific quantifiable metrics for measuring progress toward achievement of the public agenda and action plans, it is not necessary to include quantifiable goals in the Priorities for Action section of the campus action plan. Each campus action plan should have no more than 30 total Priorities for Action.

Attachment 3 is a template organized around the five questions that should be used in developing the Priorities for Action.

### **Key Indicators of Progress**

This section will list the indicators that the Council will use to monitor the institution's contribution to the advancement of the public agenda and pertinent House Bill 1 goals. (For state-level indicators, refer to the public agenda document.)

A number of indicators will be common across all institutions (e.g., enrollment, retention, credentials awarded). Some indicators will apply only to institutions within a particular sector (i.e., research, comprehensive, KCTCS). And each institution will have an opportunity to select from a menu of options one to three additional indicators specific to its mission and HB1 goal (e.g., TheCenter or NSF ranking for UK). Discussions are also underway to link performance on one or more institutional indicators to the benchmark funding model.

The Council staff will work with the institutions throughout the spring of 2005 to develop the institutional key indicators for 2005 through 2010 (see Attachment 1 for the timeline). Attachment 4 lists the members of the Key Indicators Advisory Group coordinating this effort. The individual responsible for coordinating the development of the institution's Priorities for Action is encouraged to work closely with the institution's representative on this advisory group.

Once approved by the Council at its July 2005 meeting, key indicators will be incorporated into each institution's campus action plan for publication.

### **Benchmark Institutions**

This section will list the final set of benchmark institutions to be approved by the Council at its May 2005 meeting. These benchmarks will provide a basis for determining adequate base funding levels for Kentucky's public institutions as well as provide useful information for institutional key indicator goal-setting.

**2004-05 Strategic Planning Process  
Campus Action Plan Development**

<i>Dates</i>	<i>Activity</i>	<i>Comments</i>
January-March	Campus-based meetings	<ul style="list-style-type: none"> <li>Discuss draft campus action plan guidelines (mission parameter guidelines and process for developing statewide and institutional key indicators)</li> </ul>
January 31	CPE meeting	<ul style="list-style-type: none"> <li>Discuss draft campus action plan guidelines (mission parameter guidelines)</li> </ul>
February 15	Key Indicator Advisory Group meeting (KIAG)	<ul style="list-style-type: none"> <li>Initial meeting of group to discuss charge and plan of work</li> </ul>
February 28	Presidents meeting	<ul style="list-style-type: none"> <li>Discuss draft campus action plan guidelines (mission parameter guidelines)</li> </ul>
March 2	Executive Committee meeting	<ul style="list-style-type: none"> <li>Discuss draft campus action plan guidelines (mission parameter guidelines)</li> </ul>
March 3	KIAG meeting	<ul style="list-style-type: none"> <li>Discuss Question 3 indicators</li> </ul>
March 9	CPE meeting mailout	<ul style="list-style-type: none"> <li>Include draft campus action plan guidelines (mission parameter guidelines)</li> <li>Include KIAG progress report</li> </ul>
March 15	KIAG meeting	<ul style="list-style-type: none"> <li>Discuss Question 5 indicators</li> </ul>
March 21	CPE meeting	<ul style="list-style-type: none"> <li>Approve campus action plan guidelines</li> <li>Staff discuss key indicator development with Seamlessness and Workforce/Economic Development policy groups</li> </ul>
March 21	Chief Academic Officers meeting	<ul style="list-style-type: none"> <li>Discuss 1<sup>st</sup> working drafts of mission parameters for each institution</li> </ul>
March 30	KIAG meeting	<ul style="list-style-type: none"> <li>Discuss Question 1 and 4 indicators</li> </ul>
April 6	Presidents meeting	<ul style="list-style-type: none"> <li>Discuss mission parameter issues</li> <li>Update on development of key indicators (statewide and institutional)</li> </ul>
April 13	Executive Committee meeting	<ul style="list-style-type: none"> <li>Update on campus action plan development (mission parameters and process for developing statewide and institutional key indicators)</li> </ul>
April 19	KIAG meeting	<ul style="list-style-type: none"> <li>Discuss Question 2 indicators</li> </ul>
April 25		<ul style="list-style-type: none"> <li>1<sup>st</sup> draft of campus action plans due from institutions to CPE staff (mission parameters and priorities for action)</li> </ul>
May 3	KIAG meeting	<ul style="list-style-type: none"> <li>Final discussion of institutional key indicator framework</li> </ul>
May 6		<ul style="list-style-type: none"> <li>2<sup>nd</sup> draft of campus action plans due from institutions to CPE staff (mission parameters and priorities for action)</li> </ul>
May 11	CPE meeting mailout	<ul style="list-style-type: none"> <li>Include status report on campus action plan process (mission parameters, priorities for action, and institutional key indicator framework)</li> </ul>
May 16	Presidents meeting	<ul style="list-style-type: none"> <li>Discuss draft campus action plans (mission parameters, priorities for action, and institutional key indicator framework)</li> </ul>
May 22	CPE meeting	<ul style="list-style-type: none"> <li>Status report on campus action plans (including mission parameters, priorities for action, and institutional key indicator framework)</li> </ul>
June 1	SCOPE meeting	<ul style="list-style-type: none"> <li>Update on planning process</li> </ul>

<i>Dates</i>	<i>Activity</i>	<i>Comments</i>
June 5	Executive Committee meeting	<ul style="list-style-type: none"> <li>• Report on campus action plans (mission parameters, priorities for action, and institutional key indicators)</li> </ul>
June 13		<ul style="list-style-type: none"> <li>• 3<sup>rd</sup> draft of campus action plans due from institutions to CPE staff (mission parameters, priorities for action, and proposals on institutional key indicators)</li> </ul>
June 13-27		<ul style="list-style-type: none"> <li>• CPE and institutional staffs negotiate final changes to draft campus action plans (mission parameters, priorities for action, and proposals on institutional key indicators)</li> </ul>
June 27		<ul style="list-style-type: none"> <li>• Finalize campus action plans (mission parameters, priorities for action, recommendations on institutional key indicators)</li> </ul>
July 6	CPE meeting mailout	<ul style="list-style-type: none"> <li>• Include final campus action plans (including mission parameters, priorities for action, recommendations on institutional key indicators)</li> </ul>
July 18	CPE meeting	<ul style="list-style-type: none"> <li>• Approve strategic planning package including campus action plans</li> </ul>
September 18-19	Governor's Conference on Postsecondary Education Trusteeship	<ul style="list-style-type: none"> <li>• Distribute strategic plan package</li> </ul>

**Mission Parameters**  
**[SAMPLE COMPREHENSIVE UNIVERSITY]**  
Draft 2-28-05

**1. Program characteristics***a. Program levels:*

- Baccalaureate
- Master's
- Degrees beyond the master's supporting teachers, school leaders, and other certified school personnel
- Very limited associate degrees as needed in the immediate community

*b. Program emphases:*

- Liberal arts core, including civic literacy and service-learning
- Emphasis on teacher education and professional development, business, and programs supporting regional economic and community development
- National programs related to \_\_\_\_\_ [Sample University's program(s) of distinction]

**2. Student characteristics**

- Moderate selectivity (need to define levels)
- Dual enrollment high school students, recent high school graduates, and working-age adults
- Predominantly residents from [region of Kentucky], highly qualified non-resident students in \_\_\_\_\_ [Sample University's program(s) of distinction], and in high-demand fields

**3. Geographic Service Area**

- List counties in service region

**4. Research**

- Applied, particularly in fields that address the needs of the region and areas related to \_\_\_\_\_ [Sample University's program(s) of distinction]

**5. Stewardship of Place**

- Economic Development
  - 1) Assess regional workforce, research and commercialization needs, and developing or brokering programs and resources that meet these needs
  - 2) Strengthen early childhood, P-12, and adult education
  - 3) Support entrepreneurs and business leaders
- Community Development
  - 1) Enhance local government leadership, effectiveness, and regional planning
  - 2) Support the nonprofit sector to improve quality of life and community engagement
  - 3) Expand the arts and improve the environment

## Campus Action Plan, 2005-2010

[Name of Institution]

### Question 1: Are more Kentuckians ready for postsecondary education?

Question 1 examines how well high school graduates and adults are prepared for postsecondary study. An overwhelming majority of high school students say they plan to continue their education after graduation but have not tackled the rigorous courses that prepare them for college-level work. Many adults recognize the need for advanced training but have been out of school for a while and need to refresh their skills. Postsecondary education has a responsibility to ensure that all students—regardless of income level, age, gender, or skin color—have access to high-quality instruction and guidance counseling that can lead them to postsecondary success.

*To support the preparation of high school graduates and working-age adults for postsecondary education and to strengthen the preparation and development of P-12 teachers, [NAME OF INSTITUTION] will:*

- Priorities for Action
- Priorities for Action
- Priorities for Action, etc.

### Question 2: Is Kentucky postsecondary education affordable for its citizens?

Question 2 monitors the affordability of postsecondary education, especially for families who are least able to pay. Historically, the cost of going to college in Kentucky has compared favorably to other states. This is still true today. Tuition remains relatively low and the average financial aid award is high. However, too many Kentuckians have misperceptions about college costs—they think tuition is higher than it is and are not aware of their financial aid options. Additionally, rising tuition and fees may be placing a financial strain on many families, which, if left unchecked, can overload students with debt or price them out of college completely. It is critical to other areas of reform that college in Kentucky remain financially accessible.

*To keep college affordable for financially needy students, [NAME OF INSTITUTION] will:*

- Priorities for Action
- Priorities for Action
- Priorities for Action, etc.

### **Question 3: Do more Kentuckians have certificates and degrees?**

To increase the number of college-educated Kentuckians to 801,000 by 2020, the postsecondary system must recruit and enroll more students, improve retention, ensure more students persist to certificate and degree completion, and keep graduates living and working in the state. Reaching these goals will require an infusion of high school graduates and working-age adults into the postsecondary pipeline at both the undergraduate and graduate levels, including two- to four-year transfer students. The state's economic future in large part depends upon Kentuckians' ability to advance seamlessly through the educational system throughout their lifetimes.

*To enroll more students, produce more graduates, keep graduates in Kentucky, attract highly educated adults to the state, and encourage workers to retool and retrain over their lifetimes, [NAME OF INSTITUTION] will:*

- Priorities for Action
- Priorities for Action
- Priorities for Action, etc.

### **Question 4: Are graduates prepared for life and work in Kentucky?**

When students leave Kentucky's colleges and universities, they should carry with them characteristics, skills, and behaviors that will equip them for life's challenges and the world of work. At its best, postsecondary education instills a sense of civic duty and pride and an obligation to help others through volunteerism and charitable giving, as well as a desire for career training and retraining throughout life. Question 4 explores the quality of learning and instruction taking place at Kentucky's institutions. Students who are academically engaged and active on campus and in their communities tend to be better workers and citizens.

*To improve the quality of student learning, [NAME OF UNIVERSITY] will:*

- Priorities for Action
- Priorities for Action
- Priorities for Action, etc.

### **Question 5: Are Kentucky's communities and economy benefiting?**

Question 5 recognizes postsecondary education's central economic and societal role for the 21<sup>st</sup> century and captures the responsibility of postsecondary institutions to be good "stewards of place." Postsecondary institutions—through expanded research and development, faculty and staff expertise, and quality programs—can foster an innovative, dynamic culture that promotes and nurtures economic development. They also can work with community leaders to advance social and environmental progress. The Commonwealth needs globally competitive companies that will invest in

individuals and communities in every region of the state. Only then will Kentucky be able to keep its college graduates working and living in the state.

*To support economic and community development and address the specific needs and challenges of its service area, [NAME OF INSTITUTION] will:*

- Priorities for Action
- Priorities for Action
- Priorities for Action, etc.

**Key Indicator Advisory Group**

**Institutional Representatives:**

James Chapman, Interim Vice President for Academic Affairs, EKU  
Ken Walker, Vice President, KCTCS  
Nathan Rall, Director of Institutional Research & Effectiveness, KSU  
Beth Patrick, Vice President for Planning , Budgets, & Technology, MoSU  
Fugen Muscio, Coordinator of Institutional Research, MuSU  
Gail Wells, Provost & Vice President for Academic Affairs, NKU  
Connie Ray, Vice President for Institutional Research, Planning, & Effectiveness, UK  
Shirley Willihnganz, Provost, UofL  
Ann Mead, Chief Financial Officer & Assistant to the President, WKU  
Dennis George, Academic Affairs & Provost Office, WKU  
Gary S. Cox, President, Association of Independent Kentucky Colleges & Universities

**CPE Representatives:**

Sue Hodges Moore, Executive Vice President  
Sandy Woodley, Vice President, Finance  
Sherron Jackson, Assistant Vice President, EEO & Finance  
Reecie Stagnolia, Deputy Commissioner, Kentucky Adult Education  
Sherri Noxel, Director, Information & Research  
Heidi Hiemstra, Senior Associate, Research & Policy Analysis  
Jonathan Pruitt, Senior Associate, Finance

**Other:**

John Hicks, Governor's Office of Policy and Management  
Jonathan Lowe, Education Policy Analysis, Legislative Research Commission



Council on Postsecondary Education  
Executive Committee Meeting  
March 2, 2005

## Comprehensive Funding Model Review Update

As part of the Comprehensive Funding Model Review, the Council staff has run the statistical model for selection of the benchmarks based on criteria approved by the Council at the January meeting. The Council staff and the campuses are reviewing the output produced by the model. The Council will take final action on the selection of benchmark institutions in May.

Staff preparation by Sandra Woodley

Council on Postsecondary Education  
Executive Committee Meeting  
March 2, 2005

2004-06 Budget Update

Under separate cover on February 23, 2005, the Council staff provided Council members with an update on the budget bill based on the House enacted version of House Bill 267.

The Council staff will provide an updated analysis based on any action taken by the Senate and conference committee that may have occurred prior to the meeting. Handouts will be available at the meeting.

Staff preparation by Sandra Woodley

## Senate Budget Overview

### Council Operating Budget

- Provided \$2.5 M additional General Fund appropriation for Adult Education Program above the Executive and House budgets.
- Provided funding for Dairy Research and Education Center, which was previously an unfunded mandate (\$270,000) in FY 06.
- Provided additional \$1.1 M in FY 06 for Biotechnology Program (shrimp production).
- Removed funding (\$120,000) and language for Washington Internship Program.
- Removed additional \$1 M for Science and Technology Funding Program included in House budget.

### Institutional Operating Budgets

- Provided additional \$45 M above the Executive budget in FY 06 for institutional base budgets (\$5 M less than House budget).
- Provided additional \$2.15 M above the Executive budget to UK and UofL for targeted initiatives (Reading Recovery Training, E-Health, Oral History Program).
- Removed funding for targeted initiatives in the House budget (UK-Markey Cancer Ctr. \$2.5 M, UofL-Brown Cancer Ctr. \$2.5 M, \$200,000 UofL Equine Industry Program).
- Maintained \$5 M increase for past enrollment growth included in both the Executive and House budgets.

### Institutional Capital Budgets

- The Council recommended \$11.2 million for KSU Hathaway Hall renovation; the Senate included \$7.4 million, an additional \$3.8 million (\$190,000 in debt service) is needed to fully fund the project.
- Removed five projects that were in the House budget and added three additional General Fund projects not included in the Council recommendation or the House budget.
- The Council recommended \$22.2 million for the MuSU Blackburn Science Project, the House and the Senate included \$15.0 million, an additional \$7.2 million (\$360,000 in debt service) is needed to fully fund the project.
- Three projects included in the Council's recommendation were not included by the Senate:
  - NKU Science Building Renovation \$17.7 M (\$885,000 in debt service).
  - CPE Capital Renewal and Maintenance Pool \$15 M (\$699,000 in debt service).
  - KCTCS Prestonsburg/Mayo Renovate District Facilities \$5.6 M (\$280,000 debt service).
- The Senate included the ECU Manchester Postsecondary Education Center \$9,000,000 as a KCTCS project.
- Included \$194.9 million of agency bond projects as compared to \$451.3 million included by the House.
- Reduced the agency bond authority for the UK Hospital Bed Tower to \$100 million from the House proposed \$250 million with an additional \$125 million of restricted funds. Total project amount is \$250 million.
- Neither the Senate nor the House included a postsecondary institution agency bond pool to be allocated by the Council among the institutions to complete critical non E&G capital projects.

### Student Financial Aid

- The Senate concurred with the House budget with two exceptions. The Senate restored language included in the Executive budget that prevented the KAPT program from entering into new prepaid tuition contracts. The Senate also added a transfer of restricted funds from the KAPT program to the General Fund totaling \$13.7 M.

**Kentucky Public Postsecondary Institutions  
Senate Budget - HB 267 GA  
State General Fund Appropriation for Institutional Operations**

	FY 2004-05						FY 2005-06				
	Enacted FY 2003-04	Council Recommendation	Executive Recommendation	House Recommendation	Senate Recommendation	Difference House and Senate	Council Recommendation	Executive Recommendation	House Recommendation	Senate Recommendation	Difference House and Senate
<b>Postsecondary Education Institutions</b>											
EKU	\$ 71,448,100	\$ 77,804,600	\$ 72,225,200	\$ 72,225,200	\$ 72,225,200	\$ -	\$ 82,498,400	\$ 73,922,200	\$ 73,922,200	\$ 73,922,200	\$ -
KCTCS <sup>1</sup>	193,069,300	209,007,700	192,279,600	192,279,600	192,279,600	-	219,510,700	195,006,300	195,006,300	195,006,300	-
KSU	22,286,600	24,701,300	23,700,900	23,700,900	23,700,900	-	23,590,700	23,468,500	23,468,500	23,468,500	-
MOSU	41,599,300	45,882,200	42,282,300	42,282,300	42,282,300	-	48,625,300	42,376,100	42,376,100	42,376,100	-
MUSU	50,179,100	54,887,000	50,999,000	50,999,000	50,999,000	-	57,891,600	52,081,100	52,081,100	52,381,100	300,000
NKU	45,127,300	52,237,700	46,020,500	46,020,500	46,020,500	-	56,200,900	46,806,300	46,806,300	46,806,300	-
UK <sup>1</sup>	294,273,800	312,282,600	289,805,900	290,305,900	290,605,900	300,000	321,271,100	301,295,800	305,639,800	302,770,800	(2,869,000)
UoL	171,859,400	186,128,700	172,790,800	172,790,800	172,790,800	-	195,544,400	175,734,100	178,528,100	175,909,100	(2,619,000)
WKU	68,811,500	80,095,500	70,040,400	70,040,400	70,040,400	-	87,362,600	71,963,200	71,963,200	71,963,200	-
Special Initiatives Funding Program	-	213,300	-	-	-	-	2,926,600				-
Institutional Base Enhancement									50,000,000	45,000,000	(5,000,000)
Past Enrollment Growth									5,000,000	5,000,000	-
<b>Totals</b>	<b>\$ 958,654,400</b>	<b>\$ 1,043,240,600</b>	<b>\$ 960,144,600</b>	<b>\$ 960,644,600</b>	<b>\$ 960,644,600</b>	<b>\$ 300,000</b>	<b>\$ 1,095,422,300</b>	<b>\$ 982,653,600</b>	<b>\$ 1,044,791,600</b>	<b>\$ 1,034,603,600</b>	<b>\$ (10,188,000)</b>

<sup>1</sup>Figures for the University of Kentucky and the Kentucky Community and Technical College System reflect the transfer of Lexington Community College.

**Capital Project Recommendations**  
**State General Fund**  
**2004-06**

House Bill 267/PSS  
 Report Date: February 28, 2005

	Council Recommendation			House Budget (HB 267 GA)				Senate Budget (HB 267 PSS)			
	Project Scope	Bonds or State Funds	Agency Bonds or Inst. Funds	State Bonds	Agency Bonds	Inst/Fed. Funds	6 Months of Debt Service	General Funds State Bonds	Agency Bonds	Inst/Fed. Funds	6 Months of Debt Service
<b>Research Space</b>											
<b>University of Kentucky</b>											
Construct Biological/Pharmaceutical Complex	\$ 119,892,000	\$ 71,935,200	\$ 47,956,800	\$ 40,000,000			\$ 1,863,000	\$ 32,000,000	8,000,000		\$ 1,490,000
Animal Diagnostic Center - Newtown Pike (1)				8,500,000			396,000	8,500,000			396,000
<b>University of Louisville</b>											
Health Science Campus Research Facilities Phase III	98,000,000	58,800,000	39,200,000	39,150,000			1,823,000	31,320,000	7,830,000	23,450,000	1,459,000
<b>Total Research Space</b>	<b>\$ 217,892,000</b>	<b>\$ 130,735,200</b>	<b>\$ 87,156,800</b>	<b>\$ 87,650,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 4,082,000</b>	<b>\$ 71,820,000</b>	<b>\$ 15,830,000</b>	<b>\$ 23,450,000</b>	<b>\$ 3,345,000</b>
<b>New Construction</b>											
<b>KCTCS</b>											
Ashland TC Regional Postsecondary Ed. Center Phase I	28,690,000	28,690,000		18,030,000			840,000	14,424,000			672,000
Owensboro CC Advanced Technology Center Phase II	24,088,000	24,088,000		13,088,000			610,000	10,000,000			466,000
Madisonville CC Technology Building Phase I	12,500,000	12,500,000		12,000,000			559,000	9,600,000			448,000
Franklin/Simpson Technology Center	11,984,000	11,984,000		4,000,000			188,000	12,000,000			559,000
Henderson CC Tri-County Technical Center	13,066,000	13,066,000		13,066,000				10,453,000			487,000
Warren County Technology Center (1)				7,500,000			350,000	7,500,000			350,000
Construct LCC Classroom/Class Lab Building	28,855,000	28,855,000		28,855,000			1,344,000	31,741,000			1,478,000
LCC Winchester Facility (1) (2)				3,400,000		1,500,000	N/A	3,400,000		1,500,000	N/A
Manchester Postsecondary Education Center (4)								9,000,000			420,000
Knox Partners Community Ed. Center (1)								2,000,000			96,000
Clay Community Center (1)								1,500,000			72,000
Rockcastle Area Vocational Technical School (1)				8,000,000			746,000				
Jefferson Community College (design Hartford) (1)				600,000			31,000				
KCTCS Facilities Construction Pool (1)				40,750,000			1,898,000				
Gateway CTC Expand Edgewood Campus (1)				14,070,000			656,000	15,477,000			721,000
<b>Total KCTCS</b>	<b>\$ 119,183,000</b>	<b>\$ 119,183,000</b>	<b>\$ -</b>	<b>\$ 163,359,000</b>	<b>\$ -</b>	<b>\$ 1,500,000</b>	<b>\$ 7,222,000</b>	<b>\$ 127,095,000</b>	<b>\$ -</b>	<b>\$ 1,500,000</b>	<b>\$ 5,769,000</b>
<b>Eastern Kentucky University</b>											
Construct Business/Technology Center Phase II	32,850,000	32,850,000		32,850,000			1,530,000	29,700,000			1,383,000
Science Complex (1)				5,000,000			234,000	4,000,000			188,000
Construct Manchester Postsecondary Ed. Center Phase I (4)	10,000,000		10,000,000								
<b>Morehead State University</b>											
Construct MSU-NASA Space Science Center	12,200,000	12,200,000		12,200,000			569,000	10,320,000		5,000,000	481,000
Health Science Classroom Building (1)				1,500,000			72,000				
<b>Total new Construction</b>	<b>\$ 174,233,000</b>	<b>\$ 164,233,000</b>	<b>\$ 10,000,000</b>	<b>\$ 214,909,000</b>	<b>\$ -</b>	<b>\$ 1,500,000</b>	<b>\$ 9,627,000</b>	<b>\$ 171,115,000</b>	<b>\$ -</b>	<b>\$ 6,500,000</b>	<b>\$ 7,821,000</b>

**Capital Project Recommendations  
State General Fund  
2004-06**

House Bill 267/PSS  
Report Date: February 28, 2005

	Council Recommendation			House Budget (HB 267 GA)			6 Months of Debt Service	Senate Budget (HB 267 PSS)			6 Months of Debt Service
	Project Scope	Bonds or State Funds	Agency Bonds or Inst. Funds	State Bonds	Agency Bonds	Inst/Fed. Funds		General Funds State Bonds	Agency Bonds	Inst/Fed. Funds	
<b>KCTCS - Renovations and Repairs</b>											
Somerset Renovate Aircraft Maintenance Lab (Aviation)	1,468,000	1,468,000		1,500,000			72,000	1,650,000			79,000
Prestonsburg/Mayo Renovate District Facilities (6)	5,626,000	5,626,000									
<b>Comprehensive Universities - Renovation and Repairs</b>											
<b>Kentucky State University</b>											
Renovate Hathaway Hall Classroom Building (5)	11,200,000	11,200,000		7,400,000			346,000	7,400,000			346,000
Young Hall Renovation	9,407,000	5,267,920	4,327,220	5,339,000	4,327,220		250,000	5,339,000	4,327,220	396,000	250,000
<b>Murray State University</b>											
Blackburn Science Replacement - Phase II	22,250,000	22,250,000		15,000,000			699,000	15,000,000			699,000
Breathitt Veterinary Clinic - Replace Incinerator (1) (7)								See Note #7			
<b>Northern Kentucky University</b>											
Old Science Building Renovation (6)	17,700,000	17,700,000									
Regional Special Events Center (1)				42,000,000			1,956,000	54,000,000		6,000,000	2,515,000
<b>Western Kentucky University</b>											
Thompson Sc. Complex Repl./Renov. - Phase II	33,000,000	33,000,000		33,000,000			1,537,000	29,700,000			1,383,000
Math and Science Academy (Schneider) Renovation (3)				5,000,000	5,000,000		234,000	2,750,000	5,000,000		131,000
<b>Total Renovations and Repairs</b>	<b>\$ 100,651,000</b>	<b>\$ 96,511,920</b>	<b>\$ 4,327,220</b>	<b>\$ 109,239,000</b>	<b>\$ 9,327,220</b>	<b>\$ -</b>	<b>\$ 5,094,000</b>	<b>\$ 115,839,000</b>	<b>\$ 9,327,220</b>	<b>\$ 6,396,000</b>	<b>\$ 5,403,000</b>
<b>Systemwide Capital Pools (Matching)</b>											
Capital Renewal and Maintenance Pool (matching)	15,000,000	15,000,000		15,000,000			699,000				
CPE Biotechnology Program in Shrimp Production (1)								1,700,000			82,000
<b>System Total</b>	<b>\$ 507,776,000</b>	<b>\$ 406,480,120</b>	<b>\$ 101,484,020</b>	<b>\$ 426,798,000</b>	<b>\$ 9,327,220</b>	<b>\$ 1,500,000</b>	<b>\$ 19,502,000</b>	<b>\$ 360,474,000</b>	<b>\$ 25,157,220</b>	<b>\$ 36,346,000</b>	<b>\$ 16,651,000</b>

Notes:

1. This project was not included in the Council's 2004-06 Capital Projects Recommendation.
2. This project is funded with \$3.4 million of bond funds authorized by the 1998 General Assembly and \$1.5 million of restricted funds.
3. This project is included in the CPE recommendation as a special request, but is in the House budget as \$5.0 million state bond and \$5.0 million agency bond.
4. This project was requested by EKU and recommended by CPE for EKU. The Senate funded the project in the KCTCS budget.
5. This project was included in the Council's 2004-06 Capital Projects Recommendation with a scope of \$11.2 million, but included in the House budget with a scope of \$7.4 million. Need \$3.8 million to be fully funded.
6. This project was recommended by CPE.
7. Funding for this project (\$300,000) is included in the operating budget of Murray State University.

**2004-06 Capital Projects Recommendation**  
**Agency Bond Projects Included in HB 267 (PSS version)**

Institution and Project Title	Projects Eligible for the CPE Recommended Agency Bond Pool (6)			HB 45 Related Projects Included In The House Budget (HB 267 GA)		Senate Budget (HB 267 PSS)	
	Project Scope	Agency Bonds	Other Funds	Agency Bonds	Inst/Fed. Funds	Agency Bonds	Inst/Fed. Funds
<b>Eastern Kentucky University</b>							
Construct New Intramural Fields	\$2,300,000	\$2,300,000		\$2,300,000		Project deleted	
Renovate Residence Hall	7,500,000	7,500,000		7,500,000		\$7,500,000	
EKU Subtotal	\$9,800,000	\$9,800,000	\$0	\$9,800,000	\$0	\$7,500,000	\$0
<b>Kentucky State University</b>							
Construct New Residence Hall	\$20,000,000	\$20,000,000	\$0	\$15,216,300			\$20,000,000
Residence Hall Improvements Pool	300,000			300,000		\$1,000,000	
Bell Gym Improvements	300,000			300,000		Project deleted	
Hill Student Center 3rd Floor Build-out	600,000			600,000			600,000
Alumni Stadium Structural Repairs	400,000			400,000			400,000
Softball Field	500,000			500,000			500,000
EKU Subtotal	\$22,100,000	\$20,000,000	\$0	\$17,316,300	\$0	\$1,000,000	\$21,500,000
<b>Morehead State University</b>							
Construct Parking Structure	\$6,500,000	\$6,500,000		Delete this project.		Project deleted	
Comply with ADA - Auxiliary Facilities	1,200,000	1,200,000					\$1,200,000
Construct Family Housing Complexes - Phase II	4,700,000	4,700,000					4,700,000
Expand Student Wellness Center				\$1,000,000		\$1,000,000	
Residence Hall Renovation /Improveremnts Pool				10,000,000		Project deleted	
MoSU Subtotal	\$12,400,000	\$12,400,000	\$0	\$11,000,000	\$0	\$1,000,000	\$5,900,000
<b>Murray State University</b>							
Construct New Dormitories	\$10,154,000	\$10,154,000				Project deleted	
Repair Winslow Cafeteria Exterior	1,000,000	1,000,000					\$500,000
Replace Richmond Hall	8,000,000	8,000,000		Delete this Project		Project deleted	
Replace Clark Hall	8,000,000	8,000,000		Delete this Project		Project deleted	
Replace Franklin Hall	8,000,000	8,000,000					8,000,000
Replace Clark Hall water piping, fixtures, etc.	1,000,000	1,000,000					1,000,000
Replace Franklin Hall water piping, fixtures, etc.	1,000,000	1,000,000					1,000,000
Replace Springer Hall water piping, fixtures, etc.	1,250,000	1,250,000					1,250,000
Replace White Hall domestic water piping	500,000	500,000				Project deleted	
Replace Richmond Hall water piping, fixtures, etc.	1,000,000	1,000,000					1,000,000
Replace Regents Hall domestic water piping	500,000	500,000					500,000
Upgrade College Courts Electrical System	1,200,000	1,200,000					1,200,000
Renovate College Courts	3,636,000	3,636,000					3,636,000
Renovate College Courts Interiors (12 Buildings)	2,000,000	2,000,000					2,000,000
Remove Elizabeth Hall Asbestos Ceiling	450,000	450,000					450,000
Remove Hester Hall Asbestos Ceiling	450,000	450,000					450,000
Construct New Residential College Facility (rpl R & C Halls)				\$6,154,000		Project deleted	
MuSU Subtotal	\$48,140,000	\$48,140,000	\$0	\$6,154,000	\$0	\$0	\$20,986,000

**2004-06 Capital Projects Recommendation**  
**Agency Bond Projects Included in HB 267 (PSS version)**

Institution and Project Title	Projects Eligible for the CPE Recommended Agency Bond Pool (6)			HB 45 Related Projects Included In The House Budget (HB 267 GA)		Senate Budget (HB 267 PSS)	
	Project Scope	Agency Bonds	Other Funds	Agency Bonds	Inst/Fed. Funds	Agency Bonds	Inst/Fed. Funds
<b>Northern Kentucky University</b>							
Construct New Student Union	\$32,800,000	\$28,000,000	\$4,800,000	\$29,500,000	\$6,300,000	\$29,500,000	\$6,300,000
Construct New Parking Deck Phase II	9,700,000	9,700,000					10,670,000
NKU Subtotal	\$42,500,000	\$37,700,000	\$4,800,000	\$29,500,000	\$6,300,000	\$29,500,000	\$16,970,000
<b>University of Kentucky</b>							
Construct Biological/Pharmaceutical Complex	\$119,892,000	\$47,956,800	\$71,935,200			See state bond project	
Renovate Outpatient Clinic in Kentucky Clinic	2,237,000	2,237,000					\$2,237,000
Construct New Housing	49,991,000	49,991,000					49,991,000
Construct Parking Structure - Central Campus	17,000,000	17,000,000					17,000,000
Construct Parking Structure - North Campus	25,248,000	25,248,000					25,248,000
Construct New Alumni Center	15,250,000	15,250,000					15,250,000
Renovate School of Public Health Building	3,751,000	3,751,000				Project deleted	
Expand Patient Parking in Structure #3	7,000,000	7,000,000					7,000,000
Renovate Imaging Center in Kentucky Clinic	2,000,000	2,000,000					2,000,000
Renovate Research Labs in Medical Center III	1,000,000	1,000,000					1,000,000
Upgrade Electrical Substation	4,000,000	4,000,000					4,000,000
Renovate Research Labs in Medical Center, IV	1,250,000	1,250,000					1,250,000
Renovate Research Space Medical Center, I	1,500,000	1,500,000					750,000
Install HVAC in Keeneland Hall	5,109,000	5,109,000		\$5,109,000			5,109,000
Replace Holmes Elevator	641,000	641,000					641,000
Install Commons Elevator	400,000	400,000					400,000
Basketball Practice Facility						\$15,000,000	
Construct Patient Care Facility - Hospital				250,000,000	\$125,000,000	100,000,000	125,000,000
Renovate Blazer Hall Cafeteria				2,250,000		2,250,000	
Renovate Central Facility Cafeteria				2,100,000		2,100,000	
Renovate Student Center Food Court				1,643,000		1,643,000	
Renovate K-Lair Building				5,109,000			1,650,000
Construct Student Health Facility design				24,000,000			6,000,000
UK Subtotal	\$256,269,000	\$184,333,800	\$0	\$290,211,000	\$125,000,000	\$120,993,000	\$264,526,000
<b>University of Louisville</b>							
Construct HSC Research Facility - Phase III	\$98,000,000	\$39,200,000	\$58,800,000			See state bond projects	
Renovate - Shelby Campus Infrastructure	8,740,000	8,740,000					\$8,740,000
Purchase - Third Street & Central Avenue Property	3,100,000	3,100,000					3,100,000
Construct - Baseball Stadium	5,003,000	5,003,000					5,900,000
Construct - Basketball Practice Fac. & Office Renovation	8,500,000	8,500,000		Delete this project.		See Expand Cardinal Arena	
Purchase - Support Service Land & Buildings (NE Quadrant-Belknap)	4,632,000	4,632,000				Could not find	
Renovate - University Housing Capital Renewal, Phase I	3,210,000	3,210,000					3,210,000
Construct HSC Parking Structure II	14,440,000	14,440,000					15,595,000



**2004-06 Capital Projects Recommendation  
Agency Bond Projects Included in HB 267 (PSS version)**

<b>Institution and Project Title</b>	<b>Projects Eligible for the CPE Recommended Agency Bond Pool (6)</b>			<b>HB 45 Related Projects Included In The House Budget (HB 267 GA)</b>		<b>Senate Budget (HB 267 PSS)</b>	
	<b>Project Scope</b>	<b>Agency Bonds</b>	<b>Other Funds</b>	<b>Agency Bonds</b>	<b>Inst/Fed. Funds</b>	<b>Agency Bonds</b>	<b>Inst/Fed. Funds</b>
Construct Center for Predictive Medicine							35,200,000
Construct Multipurpose Fieldhouse & Practice Facility				\$12,404,000		\$12,404,000	
Construct Residence Hall (276 Beds) Phase III (Community Park)				14,000,000		14,000,000	
Expand Cardinal Arena for Basketball and Office (Name Change)				9,548,000		9,548,000	
UofL Subtotal	\$145,625,000	\$86,825,000	\$58,800,000	\$35,952,000	\$0	\$35,952,000	\$71,745,000
<b>Western Kentucky University</b>							
Design/Renovate Downing University Center	\$7,000,000	\$7,000,000				Project deleted	
Design/Construct Student Health Services Building	4,000,000	4,000,000		\$4,000,000			\$4,000,000
Design/Renovate and Expand South Campus	11,500,000	11,500,000				Project deleted	
Renovate Schneider Hall	11,000,000	11,000,000				Project deleted	
Preston Activity Center Addition design				7,000,000			1,000,000
Renovate and expand Adademic/Athletic #2 design				35,000,000			3,500,000
South Campus Parking and Dining Improvements				7,500,000		Project deleted	
WKU Subtotal	\$33,500,000	\$33,500,000	\$0	\$53,500,000	\$0	\$0	\$8,500,000
<b>System Total</b>	<b>\$568,234,000</b>	<b>\$432,698,800</b>	<b>\$63,600,000</b>	<b>\$451,333,300</b>	<b>\$131,300,000</b>	<b>\$194,945,000</b>	<b>\$408,627,000</b>

Note:

- Neither the House budget nor the Senate budget include a postsecondary institution agency bond pool to be distributed by CPE to complete institutional projects.

Council on Postsecondary Education  
Executive Committee Meeting  
March 2, 2005

Update on *CHANGING DIRECTION* Project and  
Affordability Study

**Changing Direction (Western Interstate Commission on Higher Education - WICHE) Project**

In November 2001, the Western Interstate Commission on Higher Education (WICHE) began a multi-year project with funding from the Lumina Foundation for Education titled *CHANGING DIRECTION: Integrating Higher Education Financial Aid and Financing Policy*. The purpose of this project is to examine how to structure financial aid and financing policies and practices to maximize participation, access, and success for all students. WICHE's primary partners in the project are the Center for Policy Analysis at the American Council on Education (ACE), National Conference of State Legislatures (NCSL), and State Higher Education Executive Officers (SHEEO).

Kentucky has applied for and was chosen for participation in this project for the next two years. Paul Lingenfelter of SHEEO will provide additional details regarding this project to the Affordability Policy Group as well as the full Council on March 21.

**Affordability Study**

The Council awarded JBL Associates, Inc., the contract to conduct the detailed affordability study that will be a foundational component of our participation in the WICHE project. The attachment details a summary of the affordability study based on the proposal by JBL. The two lead researchers on the JBL project are John Lee, Ed.D., President of JBL Associates, Inc., and Watson Scott Swail, Ed.D., President of the Educational Policy Institute. Dr. Lee and Dr. Swail will address the Affordability Policy Group and the full Council on March 21 concerning the details and overview of the study.

Staff preparation by Sandra Woodley

# **JBL Associates, Inc.**

## **Kentucky Postsecondary Education Comprehensive Affordability Analysis**

### **General Description of Project**

JBL Associates, Inc., will perform a comprehensive study of the affordability of Kentucky's postsecondary education system. This project will be coordinated with the WICHE Changing Directions project.

### **Policy Questions:**

Key questions which must be addressed in the study shall include, but are not necessarily limited to:

- To what extent is college affordable for Kentucky students? Are there gaps in relative affordability for certain students identifiable by institutional choice and by socio-economic, demographic, or regional variables? To what extent do these gaps alone impact access, continuing success, and completion?
- Are there changes to current student financial aid programs that could accomplish the system's goals of access, continuing success, and completion?
- How does the current array of Kentucky's funding strategies (benchmark funding, tuition rate setting, external funds, and student financial aid, for example) impact postsecondary education access and other success measures such as retention and completion?
- What changes to the state's postsecondary finance policies other than those specifically related to financial aid programs would enhance access for lower income or otherwise underserved populations of Kentucky students?
- Are there other student financial aid programs that could be made available to Kentucky students that could enhance effectiveness and efficiency, thus improving access for Kentucky's students, especially those with the least ability to pay, and encourage students to continue and ultimately to complete college?
- What innovative approaches or ideas are available from international, national, or regional studies, academic research articles, or books that may provide insight to affordability issues in Kentucky? Are there innovative solutions to these issues already being adopted or considered by other entities that may be considered in Kentucky?

### **1. Policy Framework:**

- Policy development will be guided by three criteria: (1) participants should pay according to benefits accrued - participants are: student (analysis should address nonresident students separately), family, state, and federal government; (2) equity in funding; (3) efficiency-using funds to achieve greatest good.
- In addition to JBL staff, an expert panel will help develop a policy framework and provide suggestions on how the information can best be used in achieving goals of the project. The panel will include:

**Dr. David Breneman**, Dean of the Curry School of Education at the University of Virginia and an economist and authority on the finance and economics of higher education. His three decades of experience include service as a professor, college president, think-tank scholar, and dean. He currently teaches courses in the Center for the Study of Higher Education. His recent writings focus on the vexing issues of state financing of public higher education.

**Dr. Thomas J. Kane**, Professor of Policy Studies and Economics at UCLA. He has studied a number of issues related to higher education: estimating the labor market payoff to a community college education, observing the impact of tuition and financial aid policy on college enrollment rates, and analyzing the impact of affirmative action in college admissions. His book, The Price of Admission: Rethinking How Americans Pay for College, was published by the Brookings Institution in October 1999. Prior to coming to UCLA, Dr. Kane was an Associate Professor at the Kennedy School of Government at Harvard University. Dr. Kane also served as a Visiting Fellow at the Brookings Institution and at the Hoover Institution.

**Dr. David Longanecker**, the Executive Director of the Western Interstate Commission for Higher Education in Boulder, Colorado. Prior to joining WICHE, he served for six years as the Assistant Secretary for Postsecondary Education at the U.S. Department of Education, developing and implementing national policy and programs providing more than \$40 billion annually in student aid and \$1 billion to institutions. Prior to that he was the State Higher Education Executive Officer (SHEEO) in Colorado and Minnesota. He was also the principal analyst for higher education for the Congressional Budget Office. Dr. Longanecker has served on numerous boards and commissions and was President of the State Higher Education Executive Officers. He has written extensively on a range of higher education issues.

John B. Lee, Ed.D., (President of JBL Associates, Inc.) is the lead researcher on the project. Additionally, Scott Swail, Ed.D., (President of Educational Policy Institute) will provide research support in conjunction with JBL Associates, Inc.

## **2. Plan of Services:**

Major phases of the work to be performed:

- Orientation meeting to review policy context and goals.
- Identify innovative approaches or promising ideas from international, national, or regional studies and research that may be applicable in Kentucky.
- Identify data sources, data elements, and quantitative and qualitative measures that support a comprehensive, continuing analysis of affordability and other measures of student success.
- Develop a data collection plan, collect data, compile existing data (will require collection of sample student record data from each institution - financial aid offices).
- Student surveys (high school and college drop out).
- Draft reports consistent with proposal.

### **Deliverables**

#### **Interim Progress Report:**

The interim progress report: May 2005 (Presented to the Council in July 2005).

#### **Final Report:**

The final report: August 2005 (Presented to the Council in September 2005).

Council on Postsecondary Education  
Executive Committee  
March 2, 2005

Legislative Update

A list of bills that relate to postsecondary education will be distributed at the March 2 meeting. The Council staff will be available for discussion.

Staff preparation by Lee Nimocks

Council on Postsecondary Education  
Executive Committee  
March 2, 2005

IEG Spring Board Development Seminar

The second spring board development seminar sponsored by the Institute for Effective Governance will be held May 22 and 23 at the Lexington Marriott Griffin Gate. A draft agenda is attached. The Council staff seeks advice from the Executive Committee on planning the event.

The Council members, all governing board members, presidents, and others involved in postsecondary education will be invited to attend.

Staff preparation by Sue Hodges Moore

**Institute for Effective Governance  
Spring Board Development Seminar**

**Why It Matters**

**May 22-23, 2005  
Marriott Griffin Gate, Lexington**

**Sunday, May 22**

12:30 Council on Postsecondary Education meeting

12:30 Seminar Registration Begins

2:30 Welcome – Ronald Greenberg, CPE Chair

Overview: The Public Agenda – Thomas D. Layzell, CPE President

***Why Research and Commercialization Matter***

Possible panelists/speakers:

- National expert on research/commercialization
- State-level economic development official
- State Chamber of Commerce representative
- Local entrepreneur
- Other ??

4:30 – 4:45 Break

4:45 ***Why "Stewardship of Place" Matters***

Possible panelists/speakers:

- National expert on regional stewardship
- Local entrepreneur
- Corporate CEO
- Hispanic representative from Glasgow forum
- Public health official
- Mayor
- Other ??

6:00 Cash Bar Reception

7:00 Joint IEG/Faculty Development Conference Dinner

Welcome by Ron Greenberg, CPE Chair

Welcome and Remarks by Douglas Robertson, Chair of Faculty Development

Keynote: *Why Student Learning Matters*  
Bob Weisbuch, President  
The Woodrow Wilson National Fellowship Foundation

Monday, May 23

7:30 – 8:30 Breakfast

*Money Matters or Why Affordability Matters*  
National expert on funding and affordability issues

8:30 – 8:45 Break

8:45 – 10:15 *Good Governance Matters, Part 1*

National expert on regional stewardship – w/Comprehensive University Boards  
National expert on research/commercialization – w/Research University Boards  
TBD – w/KCTCS Board

10:15 – 11:30 *Good Governance Matters, Part 2*  
Individual board breakouts ??

11:30 – 12:15 Closing Session

*Why Postsecondary Education Matters*  
Panel of board chairs OR panel with national speakers

12:15 – 1:15 Lunch